



Arizona State Retirement System

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WWW.AZASRS.GOV

Information Sheet

Withdrawing Your Account and Terminating Membership with the ASRS

Questions?

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If you leave ASRS covered employment, here are some things to consider:

1. If you move to another ASRS employer, your membership will continue with contributions being withheld at the same contribution rate.

2. If you leave for a private-sector job, any other employment not covered by the ASRS, or will not be working at all, you can:

A. **Retire from ASRS if you are eligible.** You can take a reduced early retirement if you are age 50 and have at least 5 years of service, or you can retire with full benefits if you are 65, are 62 with 10 years of service, or your age and years of service total at least 80.

Or, you can:

B. **Take a refund of your account**, with interest.

- You may withdraw your funds in cash and pay all taxes and penalties.
- You may rollover your funds to another qualified retirement program.
- If you have five or more years of service, you are entitled to all or a portion of employer matching funds. (See "Receiving Employer portion of contributions" below.)

Or, you can always:

C. **Leave your monies** on account with the ASRS and in the future retire or take a refund.

3. If you are in the process of purchasing ASRS service credit through a payroll deduction agreement (PDA) and are not moving to other ASRS-covered employment, you must notify the ASRS in writing **within 14 days of termination** if you want to pay off your service purchase PDA.

4. If you have a current PDA and are moving to new ASRS covered employment, your PDA will continue with the new employer and you must notify the ASRS immediately or face liability for missed payments.

5. If you are terminating employment because of illness or disability, contact us right away for information about your Long Term Disability rights.

Receiving Employer portion of contributions

Your refund will always include all of your contributions, plus interest. The interest rate applied to account balances is set at 8 percent, the same as the ASRS assumed earnings rate. However, for purposes of withdrawal only, interest of 4 percent is applied to balances after July 1, 2005.

If you became an ASRS member prior to July 1, 2011 and have at least five years of service, your refund will include a percentage of your employer's contributions plus interest:

- | | |
|-----------------------------------------|--------------------------------|
| • 0.00 – 4.99 credited years of service | 0% of employer contributions |
| • 5.00 – 5.99 credited years of service | 25% of employer contributions |
| • 6.00 – 6.99 credited years of service | 40% of employer contributions |
| • 7.00 – 7.99 credited years of service | 55% of employer contributions |
| • 8.00 – 8.99 credited years of service | 70% of employer contributions |
| • 9.00 – 9.99 credited years of service | 85% of employer contributions |
| • 10 or more credited years of service | 100% of employer contributions |

Note: Members who join the ASRS on or after July 1, 2011 do not receive any employer contributions when refunding, unless separation is due to a reduction-in-force termination or position elimination.

Before you make your decision to withdraw your funds and terminate membership, keep in mind

Upon separation from ASRS employment and withdrawal of your ASRS account balance, you waive any and all rights to ASRS membership benefits.

This includes:

- **Pension** - Once you reach early-retirement or normal-retirement criteria, you are eligible for a lifetime pension or lump-sum benefit.
- **Long-Term Disability** - If you are receiving benefits under the ASRS Long Term Disability program and you withdraw your account balance, you will no longer be eligible to continue receiving LTD payments.
- **Health Insurance after Retirement** - The ASRS offers a health insurance program to retired members. If you withdraw your account balance, you will not be eligible for ASRS health insurance when you reach retirement age. This includes health, dental and vision insurance, and other benefits offered to retirees.
- **Premium Benefit Program** - Retirees are eligible to receive a monthly Health Insurance Premium Benefit to help offset the cost of retiree health insurance premiums.
- **Permanent Benefit Increases** - Retirees receiving a monthly pension annuity may be eligible to receive a Permanent Benefit Increase. This is an increase to monthly benefit that is derived when there are excess earnings.
- **Survivor Benefits** - If you have an account balance with the ASRS and you die before retirement, the account is paid as a death benefit to your beneficiary.

Frequently Asked Questions

Question: What happens if I leave my contributions on account with the ASRS?

Answer: Your account will continue to be tax deferred and will continue earning interest. At age 65, you may begin receiving a lifetime monthly pension benefit. If you had 10 or more years of ASRS credited service, you may begin receiving your pension benefit at age 62. In any event, you must begin receiving your pension no later than age 70½. Also, you retain the right to withdraw your account balance at any time in lieu of receiving a monthly benefit.

Q: May I roll over my account to another qualified plan?

A: Yes. You may roll over your ASRS funds to such qualified plans as a 401(a) or 401(k) plan, a qualified deferred compensation plan, such as an eligible 403(b) or 457 plan, or an Individual Retirement Account. There may be some limitations, so you may want to consult your tax advisor.

Q: Are there tax consequences if I withdraw my account?

A: Yes. The ASRS is required to withhold 20 percent of the taxable portion of your refund for federal income tax. The taxable portion includes all contributions made on or after July 1, 1986. The ASRS also withholds 5 percent of the entire refund for state income taxes. Taxes, however, are not withheld on amounts rolled over by a direct transfer to another qualified retirement plan.

Q: Are there penalties if I withdraw my account before I retire?

A: If you are under age 59½, you may be subject to a 10-percent early withdrawal penalty on your federal tax return.

Q: May I contribute to my account after I leave ASRS covered employment?

A: No. State statute does not permit inactive members to add to their account.

Q: What happens to my account if I return to an ASRS employer?

A: If you resume active ASRS membership at any time prior to retirement, your account will be re-activated as new contributions are paid into it.

To withdraw your account balance and terminate ASRS membership

To apply for a refund of your ASRS account, you must complete an "Application for Withdrawal of Contributions and Termination of Membership" via the ASRS E-Form, Withdraw My Account.

To get started, click the "Refund My Account" link on the ASRS homepage, www.azasrs.gov